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PRESS RELEASE

Richard S. Hartunian, United States Attorney for the Northern District of New York, Rene Febles, Special Agent in Charge of the Office of Inspector General, U.S. Department of Housing and Urban Development in New York, John F. Pikus, Special Agent in Charge of the Albany Division of the Federal Bureau of Investigation, and Lt. John D. Durling of the New York State Police Special Investigations Unit announced that Michael Cassadei and Elmer J. "Joe" McIndoo pled guilty today before United States District Judge Thomas J. McAvoy in Albany to felony bank fraud.

Cassadei, age 54, of Schenectady, owned, operated and/or did business in the name of, or using a number of entities, including AAA Allstate Appraisal Services. He admitted that, through the use of fraudulent loan applications, settlement statements, appraisals and other false statements and documents, he and other participants in the scheme were able to fraudulently cause the victim financial institution, the former First Union National Bank of Delaware, to finance the sale of Capital Region residential properties in amounts well in excess of their actual value, and that he and other participants used the proceeds of the loans to purchase the properties in much lower amounts and retained the bulk of the funds for themselves. The facts admitted by defendant Cassadei today included the following:

Cassadei and the other participants in the scheme identified distressed real properties for sale and arranged to purchase them for cash without borrowing against the value of the properties. They

prepared and submitted and caused to be submitted false and misleading appraisals in order to induce the financial institutions to approve loans for the properties in excess of their true market values. They recruited end buyers to obtain the loans for the purchase of the properties, promising an investment, the purchase of a home with no money down, no money to be paid at closing and/or money back for repairs to the property after closing. Thereafter, the participants in this scheme completed and caused to be completed loan applications on behalf of the end buyers that contained false information in order to qualify them for loans to buy the property from defendant Cassadei, or from others or nominee or shell companies that he used to conceal his true interest in the property.

Cassadei caused to be completed and submitted documents to the financial institution that falsely purported to demonstrate that the seller of the property to the end buyer had, or would have at the time of the closing on the sale, clear title to the property when, in fact, the seller did not and would not own the property at the time of the purported sale to the end buyer. In connection with this, the participants in the scheme completed and submitted fraudulent documents purporting to commit to issue title insurance on the properties when, at a minimum, the chain of title was not clear because the property had and would have another innocent owner. In three of the four loans at issue, they used a fictitious seller-second mortgage to encourage the financial institution to issue a loan to the end buyer by creating the false appearance that the end buyer was financing a portion of the purchase, which would induce the financial institution to approve and issue a larger loan.

Cassadei and the other participants then coordinated two closings on the properties – in the first, the financial institution wired proceeds for the purchase of the properties by the end buyers for an amount substantially in excess of the true value of the properties. The mortgage amounts were inflated by, among other things, the false seller-second mortgages and cash down payments or other payments or credits for the end buyer that did not, in truth and fact, exist. After paying the costs and

fees associated with the initial closing, Cassadei then caused another participant in the scheme to transfer the remaining proceeds to him or others acting under his direction, to be distributed among the participants and used to pay cash to the true owner of the property at the second closing. Thereafter, the deeds were recorded in reverse chronological order from that in which the sales actually occurred in order to create the appearance that the prior owners of the properties had conveyed them to the defendant and/or his nominees before the latter sold them to the end buyers, whereas the opposite was, in fact, what happened. As a result, the defendant was able to cause the bank, without its knowledge, to fund the purchase of the properties with the proceeds from their prior sale, with the bulk of the remaining funds going to the defendant and the other participants.

Also pleading guilty today to one count of bank fraud in connection with this scheme was Elmer J. “Joe” McIndoo, age 54, of Watervliet. McIndoo, who worked for Cassadei at AAA Allstate Appraisal Services, admitted that he was the appraiser who prepared and caused to be submitted the false appraisals that were utilized for each of the properties in the scheme.

Both Cassadei and McIndoo face sentences of up to thirty (30) years imprisonment, a fine of up to \$1 million, or both, a period of up to five years supervised release to follow any term of imprisonment, and mandatory restitution and forfeiture of assets totaling approximately \$135,148.45, subject to any apportionment by the Court. Based upon the estimates presented by the government in Court, Cassadei’s advisory sentencing guidelines range is approximately 41 to 51 months imprisonment, and McIndoo’s is approximately 27 to 33 months. McIndoo also agreed to surrender his new York State real property appraiser’s license, as well as any FHA certification. Cassadei’s sentencing was set for June 14, 2010, at 2:30 p.m., and McIndoo’s sentencing was set for June 16, 2010, at 9:30 a.m., both before Judge McAvoy in Albany.

The ongoing investigation in this matter is being conducted by the Office of the Inspector General of the United States Department of Housing and Urban Development, the Albany Division of the Federal Bureau of Investigation and the New York State Police Special Investigations Unit, with the assistance of the Internal Revenue Service, Criminal Investigation Division, the United States Postal Inspection Service, and the New York State Banking Commission. It is being prosecuted by the United States Attorney's Office for the Northern District of New York.

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